

NONPROFIT LEADERSHIP DEVELOPMENT: THE IMPORTANCE OF LEADERSHIP IN NONPROFIT ORGANIZATIONS

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Leadership can make or break an organization. Leadership in nonprofit organizations presents a specific set of challenges and therefore requires a unique set of skills. Executive mentoring and leadership development training can be key to growing nonprofit core competencies among board members and volunteers alike. At the end of the day, this type of training can create a team that will better serve an organization and help them meet their goals. Whether you are interested in learning nonprofit leadership skills or exploring options for nonprofit leadership development training, here are some thoughts from Third Sector about the importance of leadership development training in nonprofits.

What Is Nonprofit Leadership?

The idea of “leadership” is the same across the private, public, and nonprofit sectors. **Good leadership is rooted in the ability to achieve growing and sustaining the engagement of people to accomplish something extraordinary together.** It doesn’t matter which sector that leadership is taking place in as each requires people who have been engaged and want to remain engaged for personal and group accomplishment. To name just a few, the following should be a part of the leadership equation for leaders across all sectors:

- Methodical processes
- Clear goals
- Fair compensation and recognition
- Clear communication and respect

How that leadership plays out, however, has some unique aspects about it depending on the sector.

There is a huge importance of leadership in nonprofits, and there are some unique elements associated with leadership in the nonprofit sector. A primary difference in nonprofit leadership is that it takes both paid and unpaid people to fulfill the mission. Most for-profit organizations and most governmental organizations engage their people initially through employment while most nonprofits engage their people initially through voluntarism. A nonprofit leader must operate from a different definition of equity than a business owner.

Community equity is both financial and nonfinancial. There is a “social value” to the work of nonprofits that can’t be calculated solely using a “financial value” equation taught in most business schools. There is also an “in-kind” income stream that for-profits don’t measure which is the “value” of people’s volunteered time, donated goods, and pro-bono expertise that a for-profit would otherwise have to pay for in a vendor relationship. The nonprofit leader must provide a “social return” on investment as opposed to a “financial return” that these same individuals would be seeking from an investment in a business. The nonprofit leader has to engage people to not only create a positive “profit or financial bottom line” for the corporation but must also work equally hard with people to show a measurable “social bottom line or social profit” resulting from the work.

What makes that difficult is that the nonprofit has less control over some variables in its impact because it occurs in a community instead of inside a building or factory. These are just a few examples of the leadership outcomes that are different between sectors. Leadership is a life-long learning process for any professional whether he or she is employed by a corporation, by government or by a nonprofit.

The Importance of Leadership Development in Nonprofit Organizations

Every person involved with and in a nonprofit organization is participating in a dynamic. Forces in politics, economics, and society are constantly affecting people’s lives and nonprofit organizations are on the front lines of enhancing the quality of life for people in a certain way. Those ways include such things as enhancing education, helping people to stand proudly on their own feet, benefiting from artistic expressions and experiences, protecting our wildlife and lands, or successfully coping with a health condition whether that is physical, emotional, or developmental. These are complex challenges being tackled by professionals as well as ordinary people making extraordinary contributions as volunteers.

The only real-time learning laboratories that people have to understand how to lead communities, manage organizations dependent on voluntary contributions, and to advance society is through nonprofit organizations. The most successful nonprofits have defined themselves as “learning organizations.” This means leaders are willing to take the time to help everyone understand the complexities of social issues, how to work effectively with diverse people, the best practices of nonprofit and community leadership, and the business know-how to make prudent financial decisions that are extremely to make in the face of human need. Many choose the nonprofit sector as a career because each knows a life-long learning opportunity is in store as each pursues jobs that have been designed to make the world a better place.

Core Competencies of Successful Nonprofit Leaders

Because every nonprofit organization is different, a single set of competencies is difficult to articulate. However, there are seven key nonprofit leadership skills that anyone who wants to exercise prudent leadership in the nonprofit sector should seek to build throughout their careers, whether as a professional or as a volunteer board member. These nonprofit core competencies include:

- **Financial Management:** Nonprofit organizations, by nature of their work, have extremely narrow profit margins and are entrusted, in many cases, with public funds and private philanthropy. Guaranteeing to a diverse group of stakeholders that the nonprofit is in good hands with a basic understanding of balancing financial realities with social need is key.
- **Fundraising** or as we like to call it, “building nonprofit equity.” A successful leader may not like fundraising but each knows he or she must have a demonstrated competency in order to attract givers and their giving over a sustainable period of time. (Read More: [Fundraising in the Current Political Era](#))
- **Human Resourcing:** Money doesn’t change the world, people do. The nonprofit leader must know how to assign people to tasks and manage those tasks and workers with a sense of fair accountability. The leader is also especially attuned to the diversity of the community and demonstrates a cultural competency that brings out the best in diverse people to work together to do great things. With limited resources, nonprofit organizations are constantly having to change their designs, teams, and ways of doing business. A sense of working with people and understanding accountable people structures is key as nonprofits are the only sector in the economy that includes volunteered human resources as part of their human resource equation.
- **Program Knowledge:** Helping feed the hungry requires some knowledge about the extent of hunger in a community, how hunger impacts a community, and successful programs that have had significant impact. Every nonprofit is seeking to make a difference in a particular area. It is incumbent on the nonprofit leader to have working knowledge of that area.
- **Governance:** Every nonprofit organization must, [according to the Internal Revenue Service](#), have a board of directors. Many problems exist in nonprofits because their leaders have not received formal training on the roles and responsibilities of nonprofit boards.
- **Planning:** Virtually every contributor to a nonprofit wants to know it’s plan for helping people in efficient and effective ways. They also want to know that the organization is evolving with the community that it serves and is astute about the political, economic and social factors weighing on its future. Social problems will not end on their own. Sustainable arts programs will never be able to reach everyone who can benefit without community involvement and participation. The health needs of people will require a combination of health care institutions, the community and the government. Every nonprofit must have a realistic plan.
- **Community Relations and Communication** The most effective nonprofit is “in touch” with the community it serves. Nonprofit leaders cannot be afraid to make speeches, meet and greet, network, and be visible in and to the community. Nonprofits by and large are community-based organizations which means each was started by someone in the community to be of benefit to the rest of the community. A nonprofit leader isn’t

going to get very far if he or she isn't interacting with, communicating with, and advocating the mission to the community.

How to Implement Leadership Development Training in Your Organization

Implementing nonprofit leadership skills begins by understanding that there is a difference between a “learning culture” and a “learning agenda.” Learning agendas fade as one-time trainings or events come and go and get buried in the myriad of other things important to running a successful nonprofit organization. There's also a huge difference between a nonprofit that wants to “teach” and one that wants “to learn.” The implementation process begins by understanding how the people of the organization want to learn and asking them how each learns best. It's a matter of every meeting having a “learning component” as a standing piece of the agenda.

The learning can take the form of formal training, but there is also power in learning through storytelling, case study, discussion questions, and organic conversation that asks people to share when they have recently learned as a result of their work or research. The key is making a conscious decision that the nonprofit wants to develop leaders and then asks itself as often as possible, in everything that it does, “How can we incorporate a learning opportunity into this discussion or assignment?”